

**OFFICE OF ENTERPRISE COMPLIANCE
QUARTERLY REPORT ON 2008 PLANNED ACTIVITIES
SECOND QUARTER**

I. INVESTMENTS BUSINESS LINE

Activities and Goals for the Upcoming Year and Current Status

Planned Activity	Target Date	Current Status
1. Review policy and procedures for Securities Lending operations. Identify areas of highest risk, review specific procedures, conduct "best practice" research and monitor for compliance.	Second Quarter 2008	In process
2. Continue monitoring and reporting of Fixed Income compliance violations.		Daily
3. Continue monitoring and reporting of Global Equity compliance violations.		Daily
4. Implement Personal Trading Policy.	Second Quarter 2008	Ongoing
5. Status report on Real Estate compliance. Provide update on AREIS Project and Strategic Plan implementation.	Third Quarter 2008	
6. Conduct a comprehensive review of Real Estate Compliance. Identify areas of highest risk, review specific procedures, and monitor for compliance.	Third Quarter 2008	
7. Conduct a periodic review of prior compliance related recommendations for Alternative Investment Management.	Second Quarter 2008	In process
8. Review proxy voting recommendations to be implemented by the automated proxy voting platform for purposes of monitoring and reporting.	Fourth Quarter 2008	
9. Review policies and procedures for derivatives. Identify areas of highest risk, review specific procedures, conduct best practice research and monitor for compliance.	Third Quarter 2008	
10. Update compliance procedures manual for Investment CAM.	Fourth Quarter 2008	
11. Continue to research and review available automated tools for commodity and investment compliance.	Fourth Quarter 2008	

II. HEALTH BUSINESS LINE

Activities and Goals for the Upcoming Year and Current Status

Planned Activity	Target Date	Current Status
1. Work with the Health Benefits Branch (HBB) to identify applicable laws, rules, regulations and policies that apply to the Health Business Line and update the Health Governance Framework, as appropriate.		Ongoing
2. Research and identify compliance-related “best practices” and tools, through independent research and attendance at health-related compliance conferences.		Ongoing
3. Develop a Health Compliance Manual, including procedures for monitoring and reporting Health compliance.	Fourth Quarter 2008	
4. Support HBB efforts to identify and prioritize processes that require compliance monitoring using the 2007 Compliance Risk Assessment and list of Division Key Processes.	Fourth Quarter 2008	
5. Support efforts by HBB and the Office of Audit Services, to work with business lines enterprise-wide to mitigate or resolve HIPAA audit findings identified in the HIPAA privacy and HIPAA security compliance reviews.		Ongoing
6. Support HBB efforts to resolve non-HIPAA audit findings.		Ongoing
7. Support HBB development of policies and procedures that comply with the Medicare Part D Retiree Drug Subsidy requirements.		Ongoing
8. Monitor and report Health compliance violations.		Ongoing
9. Provide education and outreach through compliance and ethics training for HBB staff.		Ongoing

III. PENSION BUSINESS LINE

Activities and Goals for the Upcoming Year and Current Status

Planned Activity	Target Date	Current Status
1. Collaborate with the Member and Benefit Services Branch (MBSB) and the Actuarial and Employer Services Branch (AESB) to identify applicable laws, rules, regulations, and policies to develop a comprehensive governance framework.		Ongoing
2. Research and identify pension compliance best practices.		Ongoing
3. Monitor and assist MBSB and AESB with Delegation of Authority and Decision Making Guide.	Fourth Quarter 2008	Ongoing
4. Develop Pension Compliance Manual, including procedures for monitoring and reporting pension compliance.	Fourth Quarter 2008	Ongoing
5. Support MBSB and AESB in prioritizing and identifying compliance monitoring efforts identified by the 2007 Enterprise Compliance Risk Assessment.		Ongoing
6. Provide education and outreach through compliance and ethics training for the pension-business line staff.		Ongoing
7. Create monitoring and reporting tools for pension compliance.		Ongoing
8. Partner with AESB and MBSB and the Office of Audit Services to mitigate and / or resolve audit findings.		Ongoing

IV. ENTERPRISE BUSINESS LINE

Activities and Goals for the Upcoming Year and Current Status

Planned Activity	Target Date	Current Status
1. Upon approval of Executive Management and in collaboration with Audits, create an Enterprise-wide "Risk Committee" to implement the compliance committee report, monitor and mitigate compliance risk throughout the organization.	Fourth Quarter 2008	
2. Upon approval of Executive Management and in collaboration with Audits, continue efforts to develop internal hotline for complaints. Include issue escalation and resolution plan.	Fourth Quarter 2008	In process
3. Develop proposal for business planning cycle to provide additional Compliance staff for infrastructure compliance monitoring and administrative support unit.	Third Quarter 2008	
4. Prepare plan to conduct compliance reviews of remaining internal support divisions in Enterprise business line.	Fourth Quarter 2008	In process
5. Recruit and hire Compliance Area Manager for Enterprise business line.	Deferred to FY 08/09	
6. Review previous audit reports of Enterprise business line.	Fourth Quarter 2008	In process
7. Work with the internal support divisions to identify laws, rules, regulations and policies that apply to the Enterprise business line and continue to build the Enterprise governance framework.		Ongoing
8. Attend Enterprise-related compliance workshops and conferences to have access to "best practices" and tools in compliance for related lines of business.		Ongoing
9. Continue to review existing policies in compliance with applicable laws and rules for Enterprise business line.		Ongoing
10. Create compliance monitoring and reporting tools for reporting to the Finance Committee.		Ongoing
11. ECOM will issue compliance bulletins on an as needed basis on new compliance-related developments that need to be communicated to the affected employees.		Ongoing
12. Enhance CalPERS' online training tools to reinforce compliance education and awareness.		Ongoing
13. Provide compliance-related assistance to the Pension System Resumption project.		Ongoing
14. Initiate an external review of Office of Enterprise Compliance duties and existing skill sets to assess adequacy of staffing and operational budget.	Fourth Quarter 2008	In process

